Supreme Court, U. S.
FILED
FEB 25 1980
MICHAEL RODAK, JR., CLERK

IN THE

Supreme Court of the United States

October Term, 1979

No. 79-1160

THE VALERON CORPORATION,

Petitioner,

vs.

GENERAL ELECTRIC COMPANY,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Sixth Circuit

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

GRANVILLE M. PINE
MORGAN, FINNEGAN, PINE, FOLEY & LEE
Attorneys for Respondent

Of Counsel:

GEORGE P. HOARE, JR.
WILLIAM S. FEILER
MORGAN, FINNEGAN, PINE, FOLEY & LEE
345 Park Avenue
New York, New York 10022
(212) 758-4800

BARNES, KISSELLE, RAISCH & CHOATE
1520 Ford Building
Detroit, Michigan 48226

TABLE OF CONTENTS

	PAGE
Opinions Below	2
Question Presented	2
Canons of A.B.A. Code of Professional Responsibility Involved	3
Restatement of the Case	3
Reasons Why the Writ Should Be Denied	8
I. The Decision of the Sixth Circuit Court of Appeals Does Not Raise the Questions Presented in the Petition	8
II. The Proper Law Was Applied	10
III. There Is No Conflict With the Second Circuit	12
IV. There Is No Conflict With the Decisions of This Court	15
Conclusion	19
Appendix:	
Affidavit of Bernard J. Cantor	App. 1
Testimony Transcript of Bernard J. Cantor	App. 6
Testimony Transcript of Stipulation by Ivan Barris, Special Counsel to Petitioner	App. 8
Stipulation Re General Electric Foreign Patents	App. 10

TABLE OF AUTHORITIES

PAGE

Cases:

American Roller Co. v. Budinger, 513 F.2d 982 (3d Cir. 1975) 16
Auseon v. Reading Brass Co., 22 Mich. App. 505, 177 N.W. 2d 662 (Ct. App. 1970) 11

Bd. of Ed. of N.Y. City v. Nyquist, 590 F.2d 1241 (2d Cir. 1979) 12, 13

Cord v. Smith, 338 F.2d 516 (9th Cir. 1964) 11

Emle Industries, Inc. v. Patentex, Inc., 478 F.2d 562 (2d Cir. 1973) 13, 16
Erie R. Co. v. Tompkins, 304 U.S. 64 (1938) 10

Gillett v. Gillett, 269 Mich. 364, 257 N.W. 719 (1934) 11

Melamed v. ITT Continental Baking Co., 592 F.2d 290 (6th Cir. 1979) 13
Morton-Norwich Products, Inc. v. International Salt, 195 U.S.P.Q. 641 (N.D.N.Y. 1977), *aff'd memo.*, Appeal No. 77-7347 (2d Cir. Nov. 14, 1977) 16, 17, 18
Murphy v. Riggs, 238 Mich. 151, 213 N.W. 110 (1927) 11

Smith v. Arc-Mation, Inc., 402 Mich. 115, 261 N.W. 2d 713 (1978) 11

United States v. Ostrer, 597 F.2d 337 (2d Cir. 1979) 14
United States v. Trammel, 583 F.2d 1166 (10th Cir. 1978), *cert. granted,* 440 U.S. 934 (1979) 18

Wingilia v. Ashman, 241 Mich. 543, 217 N.W. 909 (1928) 11

PAGE

Statutes:

35 U.S.C. §112 16

Rules:

Local Rules of the United States District Court for the Eastern District of Michigan, Rule VI 10

Ethical Codes and Opinions:

A.B.A. Code of Professional Responsibility, Canon 4 3
A.B.A. Code of Professional Responsibility, Canon 5 11
A.B.A. Code of Professional Responsibility, Canon 9 3
A.B.A. Code of Professional Responsibility, Ethical Consideration 4-4 17
Michigan Formal Ethics Opinion Number 7 (May, 1959, Michigan State Bar Journal, page 36) 12
Michigan Informal Ethics Opinion Cl. 250 (June 1, 1976, Michigan State Bar Committee on Ethics) 12

IN THE

Supreme Court of the United States

October Term, 1979

No. 79-1160

THE VALERON CORPORATION,

Petitioner,

vs.

GENERAL ELECTRIC COMPANY,

Respondent.

On Petition For A Writ Of Certiorari To The United States Court Of Appeals For The Sixth Circuit

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

The respondent, General Electric Company, respectfully requests that this Court deny the petition for writ of certiorari, seeking review of the Judgment of the Sixth Circuit Court of Appeals affirming the disqualification of petitioner's attorney.

Opinions Below

The opinion of the Court of Appeals for the Sixth Circuit, dated October 30, 1979, is reported at 608 F.2d 265 and unofficially at 203 U.S.P.Q. 1053. The opinion of the District Court for the Eastern District of Michigan, dated January 31, 1977, is reported at 428 F.Supp. 68 and unofficially at 196 U.S.P.Q. 298.

Question Presented

The questions presented by petitioner are simply not involved in this case. The Court of Appeals held that the findings of fact were not clearly erroneous and that the disqualification was based upon well accepted legal principles. Therefore, the Court of Appeals affirmed the District Court.

In view of the actual holdings, findings, and evidence in this case, the question presented should be framed as follows:

> Should this Court review the disqualification of an attorney, who represented a former client and had access to confidential matters, where he later seeks to represent a party adverse to the former client in a litigation involving substantially related and identical matters?

Respondent submits that the decisions below present no questions which warrant the grant of a writ of certiorari.

Canons of A.B.A. Code of Professional Responsibility Involved

Canon 4

"A Lawyer Should Preserve The Confidences And Secrets Of A Client"

Canon 9

"A Lawyer Should Avoid Even The Appearance Of Professional Impropriety"

Restatement of the Case

The petition for a writ of certiorari is based for the most part upon alleged facts which have no foundation in the record of the case.

For that reason, we set out a short restatement of the case below.*

General Electric Company [GE] brought this action against Valeron Corporation [Valeron] for infringement of United States Letters Patent No. 3,341,920 [Kelm '920]. The invention of the patent in suit was made by Mr. Walter Kelm, a GE employee. The Kelm patent in suit relates to improved cutting tools, and specifically to the mechanism for fastening a cutting tip in the tool.

---

* In our record citations, "D.C.Op. ——" and "A.C.Op. ——" refer to the District Court and Court of Appeals Opinions, respectively, printed as an appendix to the petition, and "R. ——; App. ——" refers to those pages of the Joint Appendix before the Court of Appeals which are printed as an appendix to this Opposition at the referenced page.

Six months after the complaint was filed, Valeron selected Bernard Cantor and his firm as replacement trial counsel. GE immediately brought a motion to disqualify Mr. Cantor because he had at an earlier time served as an attorney for GE. He had represented GE in connection with patent applications of Mr. Kelm and other GE employees for cutting tools utilizing the Kelm '920 invention. Mr. Cantor's representation of GE gave him access to the Kelm patent application, which he incorporated into one of the applications that he prepared; Mr. Holt, GE house counsel; Mr. Kelm, the inventor; prospective witnesses; prior art; opinions and record keeping of GE. Mr. Cantor was given access to confidential information. Mr. Cantor had an opportunity to form views, impressions, and professional judgments which might, in the litigation, be used adversely against GE, his former client.

In connection with the motion to disqualify, at first Mr. Cantor denied in an affidavit that he ever represented GE "in any capacity whatsoever, including in the capacity of an attorney" (R. 270-273; App. 1-5, ¶7). Similarly, Mr. Cantor initially testified at the hearings on the motion that he did not represent GE (R. 482-484; App. 6-7).

The facts showed otherwise. The evidence in the form of live testimony and documentary exhibits showed that Mr. Cantor had acted as GE's attorney. Faced with the overwhelming evidence, petitioner, through its Special Counsel, *stipulated* that Mr. Cantor had represented GE as an attorney and exercised his professional judgment whenever necessary (R. 531-532, 534; App. 8-9).

The Trial Court found on the evidence presented that, as an attorney for GE, Mr. Cantor had access to confidential information and exercised his professional judgment.

> In connection with the patent applications on which Cantor worked, Holt and Cantor worked closely and Holt disclosed to Cantor all of the documents and information necessary to complete as final an application draft as could be done. To carry out his work as an attorney in connection with these eleven applications Cantor had numerous conferences at the Carboloy Plant with Holt and the inventors. Holt's files were available to Cantor. He received confidential disclosures and engineering drawings and he had access to plaintiff's patents, patent collections and prior art collections on fitting and pocketing inserts in tools. He likewise had access to plaintiff's pending applications. He rendered advice. He suggested strategy on how to obtain claim protection and he made recommendations on how to proceed with patent applications. (D.C.Op. 4a)

The Trial Court found that Mr. Cantor worked with Mr. Kelm, the inventor of the Kelm '920 patent in suit, and studied the invention of the patent in suit with Mr. Kelm.

> Cantor also worked closely with Kelm in the preparation of the Kelm '401 Patent. He also met Kelm's associates and in connection with this work Cantor made notes, hand sketches and reviewed drawings. The Kelm adjustable boring bar contains the Kelm locking mechanisms insert. In studying the boring bar for the purpose of making a patent application Cantor had access to the locking mechanism of the Kelm '920 Patent. (D.C.Op. 5a)

The Trial Court held that the facts showed that Mr. Cantor had substantial access to the subject matter of the

Kelm '920 patent in suit (D.C.Op. 5a-6a) and an opportunity to form opinions, views and professional judgments regarding it.

The Trial Court further found that Mr. Cantor himself bodily incorporated the entire Kelm '920 pending application into the application he prepared and that in accordance with his normal practice Mr. Cantor would have reviewed the then pending application for the Kelm '920 patent in suit.

> Cantor acknowledged that he would normally refer to a pending application when incorporating it by reference in the disclosure of the patent application on which he was working. He acknowledged that the Campbell-Weller application incorporates the entire disclosure of the then Kelm application for the '920 patent. (D.C.Op. 5a)

This clearly indicates that Mr. Cantor in his normal practice would have studied the pending application of the Kelm '920 patent as an attorney for GE. Now, he wants to serve as an attorney adverse to GE in the effort to have this patent declared invalid.

The Trial Court also made specific findings that Cantor received confidential disclosures and that GE never publicly disseminated confidential information which existed in the files of its patent applications.

> He received confidential disclosures . . . (D.C.Op. 4a)
>
> The information in these patent application files was not publicly disseminated. (D.C.Op. 3a)

Based upon the mass of evidence presented, the District Court properly concluded:

> Based on these findings the Court concludes that Cantor, while a patent attorney for plaintiff, exercised professional judgment in the course of his representation of plaintiff; that the subject matter in his representation of plaintiff and his present representation of defendant is close and that he had access to confidential information and opportunity to examine this information, and that accordingly the opinions, views and professional judgment which he now has might and in all likelihood were formed in good measure as the result of that prior relationship he had with plaintiff. (D.C. Op. 6a-7a)

In determining that there was a close relationship between the two representations, the Trial Court looked at what Mr. Cantor did when representing GE in connection with three applications, namely, the Kirkham application, the '401 boring bar application (D.C.Op. 5a), and, most importantly, the Campbell-Weller milling cutter application (D.C.Op. 5a-6a).

The Trial Court found it to be a "significant" fact that Mr. Cantor worked on the Kirkham application, since it enabled him to gain first-hand information from GE on prior art and to form opinions and views of prior art which petitioner now contends invalidates the Kelm '920 patent (D.C.Op. 4a).

In preparing the Kelm '401 application, Mr. Cantor was found to have dealt with the subject matter of the Kelm '920 patent, the inventor, and the GE in-house attorney who prepared and prosecuted the patent application. He had an

opportunity to study the invention of the patent in suit with both of these men.

Similarly, when Mr. Cantor prepared the Campbell-Weller application, he was working with the pending application for the Kelm '920 patent, and incorporated it in his work. As GE's attorney, he had the opportunity to study the Kelm '920 patent and form views and impressions about it.

The Trial Court thus found a substantial relationship between Mr. Cantor's former work for GE and his present adverse representation of petitioner.

Reasons Why the Writ Should Be Denied

I.

The Decision of the Sixth Circuit Court of Appeals Does Not Raise the Questions Presented in the Petition.

Petitioner states two questions in seeking to have this Court grant a writ of certiorari. One question is based upon Canon 4. The other is based upon Canon 9. Neither is supported by the record in this case.

Petitioner's first question is based entirely on the assertion that "no confidences" exist which can be protected. That assertion is contrary to the record. The Trial Court made detailed findings of fact that Mr. Cantor, as GE's former attorney, had access to confidential materials, and that these materials remained confidential. The Court of Appeals pointed out several times that "the trial court found *as a fact* that Cantor had received confidential in-

formation from General Electric." (A.C.Op. 16a, 17a) (emphasis added).

Petitioner, in seeking review here, is trying to write on a clean slate in total disregard of the record. The Trial Court found that GE did not publish all the confidential information to which Mr. Cantor had access. This information was found by the Court to include information not required in a patent application, *e.g.*, infringement opinions. The facts show that GE never intended that such information would be disclosed by Mr. Cantor. There is no requirement in the Patent Law which requires disclosure of such information. Petitioner's first question thus is not supported by the record.

Petitioner's second question also has a foundation which is fictitious and foreign to the record. The question assumes Mr. Cantor's earlier representation of GE was on related but different subject matter. The Trial Court found that the appearance of impropriety was present because Mr. Cantor's former representation of GE was "substantially related and identical" (D.C.Op. 7a). The Trial Court thus rejected petitioner's "different" subject matter argument as being contrary to the facts.

The numbered assertions made by petitioner in its second question as alleged rebuttal to disqualification are all contrary to fact or irrelevant. GE never consented to Mr. Cantor representing any competitor on the subject matter of the present litigation. The law of Michigan and the Federal Courts is in complete harmony in holding that an attorney in Mr. Cantor's position may not represent an adverse interest on substantially the same subject matter.

That some of the information given an attorney might be obtainable through discovery does not negate disqualification. Indeed, the relevancy of the information for discovery purposes shows the objectionable nature of the former attorney's new relationship.

The two questions stated by petitioner simply are not presented in this case.

II.

The Proper Law Was Applied.

Petitioner asserts that the decisions of the lower courts conflict with the doctrine of *Erie R. Co.* v. *Tompkins,* 304 U.S. 64 (1938) because Michigan law should apply and that, when applied, it would yield a different result under the "appearance of impropriety" test of Canon 9. These assertions are not correct.

The law of Michigan is not different from the law applied by the Trial Court. Canons 4 and 9 of the American Bar Association Code of Professional Responsibility have been adopted by the Rules of the Federal Courts, as well as the Michigan State Bar Association. A violation of either is contrary to ethical Rule VI* of the Trial Court. It is the

* Local Rules of the United States District Court for the Eastern District of Michigan, Rule VI, provides:

"Rule VI. Discipline of Attorneys.

(b) The Court may make an order in a disciplinary proceeding disbarring, suspending, or censuring, or taking such other action as justice may require, with respect to a member of the Bar of this Court . . . 4) who is guilty of conduct unbecoming a member of the Bar of this Court. Such conduct shall be deemed to consist of . . . violation of the Canons of Ethics of the American Bar Association or of the Michigan State Bar Association."

Federal Court's prerogative to regulate the members of its Bar that controls.

> [W]e do not think that the rule of *Erie Railroad Co.* v. *Tompkins,* 1938, 304 U.S. 64, 58 S.Ct. 817, 82 L.Ed. 1188, compels the federal courts to permit, in proceedings before those courts, whatever action by an attorney-at-law may be sanctioned by the courts of the state. When an attorney appears before a federal court, he is acting as an officer of that court, and it is that court which must judge his conduct. *Cord* v. *Smith,* 338 F.2d 516, 524 (9th Cir. 1964).

The Michigan Courts and the Courts of the Sixth Circuit all hold that the "appearance of impropriety" exists, where a former attorney represents an interest adverse to that of his former client "on subject matters which are substantially related and identical."

The cases cited by petitioner are not contrary. In *Smith* v. *Arc-Mation, Inc.,* 402 Mich. 115, 261 N.W. 2d 713 (1978) the Michigan Supreme Court noted that the Trial Court found no violation of Canon 4 because the suit involved an intra-corporate struggle, and reversed disqualification under Canon 5.* In *Gillett* v. *Gillett,* 269 Mich. 364, 257 N.W. 719 (1934) the Court found that the two representations as attorney "bore no relationship whatsoever to one and other." The complaint in *Murphy* v. *Riggs,* 238 Mich. 151, 213 N.W. 110 (1927) was dismissed for want of equity because there was no relationship. The attorney was disqualified in *Wingilia* v. *Ashman,* 241 Mich. 534, 217 N.W. 909 (1928) and *Auseon* v. *Reading Brass Co.,* 22 Mich. App. 505, 177 N.W. 2d 662 (Ct. App. 1970) because the two representations were identical.

* Canon 5 provides: "A Lawyer Should Exercise Independent Professional Judgment On Behalf Of A Client."

The Michigan Ethical Opinions cited by petitioner also are not contrary. In the Michigan Formal Ethics Opinion No. 7 (May, 1959, Michigan State Bar Journal, page 36) the second representation was authorized only if it related to "new" subject matter. Clearly, the Opinion does not sanction representation which is "substantially related and identical." In the Michigan Informal Ethics Opinion Cl. 250 (June 1, 1976, Michigan State Bar Committee on Ethics) it was held that an attorney cannot represent a new client if he was formerly "in a position to gain information" relevant to the suit.

None of the authorities cited by the petitioner say that Michigan law "permits representation of an interest adverse to that of a former client," as petitioner claims. Rather, the Michigan law, as the law applied here, does *not* permit such representation.

III.

There Is No Conflict With the Second Circuit.

There is no reason for this Court to grant review here based upon the Second Circuit's decision in *Bd. of Ed. of N.Y. City* v. *Nyquist*, 590 F.2d 1241 (2d Cir. 1979) concerning the application of the "appearance of impropriety" test. That decision is not in conflict with the law applied here or in the Sixth Circuit. Neither the facts nor the law in *Bd. of Ed. of N.Y. City* support petitioner's position.

In *Bd. of Ed. of N.Y. City* there was no access of the attorney to confidential or privileged information.

> There is also no claim that the men have gained an unfair advantage through any access to privileged infor-

> mation about the women .... Thus, in no real sense can Mr. Sandner's representation of the men be said to taint the trial. 590 F.2d at 1247.

Mr. Cantor's situation is just the opposite. The Trial Court found that Mr. Cantor did have access to GE confidences on substantially related and identical subject matter. In this case the trial would be tainted. The *Bd. of Ed. of N.Y. City* decision on its facts clearly does not support petitioner since its holding is based upon a totally different set of facts.

The Second Circuit in *Bd. of Ed. of N.Y. City* did, however, restate and approve the principle followed by the courts in this case to disqualify Mr. Cantor. The Second Circuit said that the circumstances tend to "taint the underlying trial"

> (2) where the attorney is at least *potentially in a position to use privileged information concerning the other side through prior representation,* for example, in violation of Canons 4 and 9, thus giving his present client an unfair advantage. 590 F.2d at 1246 (emphasis added, footnote and citations omitted).

The Second Circuit cited approvingly the rationale of *Emle Industries, Inc.* v. *Patentex, Inc.*, 478 F.2d 562 (2d Cir. 1973). The Sixth Circuit also has embraced the *Emle Industries, Inc.* rationale. *Melamed* v. *ITT Continental Baking Co.*, 592 F.2d 290, 292 (6th Cir. 1979). The panel in this case reaffirmed that rationale in disqualifying Mr. Cantor (A.C.Op. 16a).

More recently, the Second Circuit had an opportunity to reiterate its position stated in *Bd. of Ed. of N.Y. City,* which is consistent with the courts' decisions here, when it

disqualified an attorney in a criminal litigation in *United States* v. *Ostrer,* 597 F.2d 337 (2d Cir. 1979).

> This Court recently noted that disqualification motions should be granted where the attorney in question is potentially in a position to use privileged information obtained during prior representation of the movant. *Board of Education* v. *Nyquist,* 590 F.2d 1241, 1246 (2d Cir. 1979). Disqualification of counsel in such cases is rooted in notions of fundamental fairness; allowing an attorney to represent a client in a situation where he may use information obtained in the course of former representation of the client's adversary gives the client an "unfair advantage." *Id.* at 875-76; see *Emle Industries, Inc.* v. *Patentex, Inc.,* 478 F.2d 562, 571 (2d Cir. 1973)
>
> . . . Finally, as in all Canon 4 cases, the danger exists that the former Government attorney may breach a confidence by divulging or unfairly utilizing information obtained in the course of his former employment. *Emle Industries, Inc.* v. *Patentex, Inc., supra,* 478 F.2d at 571.
>
> These considerations are pertinent not only where the issues involved in the lawyer's former and present representation are the same, but also where, as here, the privileged information obtained in the course of the former representation may be used to impeach or discredit important Government witnesses in a closely related matter. The principle is well established that an attorney should be disqualified from opposing a former client if during his representation of that client he obtained information "relevant to the controversy at hand", *United States* v. *Standard Oil Co., supra,* 136 F.Supp. at 353, or "*pertaining* to the pending matter", *General Motors Corp.* v. *City of New York, supra,* 501 F.2d at 651 (emphasis in original). 597 F.2d 337, 339-340 (footnote omitted).

There is no conflict among the circuits and this Court need not consider petitioner's request.

IV.

There Is No Conflict With the Decisions of This Court.

Petitioner argues that the lower courts' decisions are in conflict with this Honorable Court's decisions in the areas of voluntary disclosure, waiver, lack of privilege, and the requirement of full disclosure. None of these speculations warrants this Court to issue the writ of certiorari.

The record is clear that both the Trial Court and Court of Appeals held that confidences in fact existed. Thus, the petitioner's arguments that there were no confidences because GE published them all is simply contrary to the record.

Similarly, the argument that "privilege" cannot exist because patent applications are involved is contrary to the record and an oversimplification of the Patent Law. The Trial Court found that Mr. Cantor had an opportunity to form views, impressions and professional judgments about the Kelm '920 patent. He had access to invention disclosure letters, invention questionnaires, supplemental disclosure letters, interpretations of prior art, patentability opinions and comments on infringement questions; none of which has been publicly disseminated (D.C.Op. 3a). None of these items, or Mr. Cantor's views, impressions or professional judgments, are required to be disclosed in a pat-

ent application* or during the prosecution of the application.

Petitioner's argument that patent cases are somehow different with respect to the disqualification of attorneys is wrong. The case law makes it clear that patent attorneys are disqualified under the same standard that is applied to general attorneys. *See, e.g., Emle Industries, Inc.* v. *Patentex, Inc.*, 478 F.2d 562 (2d Cir. 1973); *Morton-Norwich Products, Inc.* v. *International Salt Co.*, 195 U.S.P.Q. 641 (N.D.N.Y. 1977), *aff'd memo.*, Appeal No. 77-7347 (2d Cir. Nov. 14, 1977); *American Roller Co.* v. *Budinger*, 513 F.2d 982 (3d Cir. 1975).

The record shows Mr. Cantor discussed and had access to many facts which need not be disclosed to the Patent Office. He was no mere "scrivener." To the contrary, petitioner stipulated that he was an attorney who exercised his professional judgment whenever necessary. Petitioner itself stipulated during the hearing that publication of United States and foreign patent applications, including the Kelm '920 patent, did not constitute publication of all information and data relating to the patent, or release Mr. Cantor from his attorney-client relationship or the Canons of Ethics (R. 422-425; App. 10-13).

There was no waiver on this record. GE never consented to Mr. Cantor representing GE's competitors, including petitioner, in any litigation involving the subject matter of his former work.

* 35 U.S.C. §112 specifies: "The specification shall contain a written description of the *invention*, and of the manner and process of making and using it, in such full, clear, concise, and exact terms as to enable any person skilled in the art . . . to make and use the same. . . ." (emphasis added).

The raising of the attorney-client privilege issue by petitioner is ineffective factually and legally. Petitioner errs in equating "confidences and secrets" of Canon 4 with the attorney-client privilege. The Ethical Considerations and Disciplinary Rules indicate that confidences and secrets are broader than the privilege.

> The attorney-client privilege is more limited than the ethical obligation of a lawyer to guard the confidences and secrets of his client. This ethical precept, unlike the evidentiary privilege, exists without regard to the nature or source of information or the fact that others share the knowledge. Ethical Consideration 4-4 of the A.B.A. Code of Professional Responsibility.

Canon 4 is based upon the sound public policy of encouraging the client to freely discuss whatever he wishes with his attorney and permitting the attorney to obtain information beyond what is volunteered by the client. For these reasons Canon 4 is different and broader than the attorney-client privilege and proceeds on different considerations to benefit the public.

The appearance of impropriety proscribed by Canon 9, where a former attorney represents before a court an adverse interest on "substantial" and "identical" subject matter, cannot be waived by the former client, since it involves the public and the court itself. As stated by the Court in *Morton-Norwich Products, Inc.* v. *International Salt*, 195 U.S.P.Q. 641, 642 (N.D.N.Y. 1977), *aff'd memo.*, Appeal No. 77-7347 (2d Cir. Nov. 14, 1977):

> A motion to disqualify an attorney . . . is addressed to the power of the District Court to supervise the bar practicing before it, and . . . cannot be defeated by a claim of laches, estoppel, or waiver. *Emle Industries, Inc.* v. *Patentex, Inc.*, 478 F.2d 562 (2d Cir. 1973); *Government of India* v. *Cook Industries, Inc.*, 422 F.Supp. 1057 (S.D.N.Y. 1976); *Fleischer* v. *A.A.P. Inc.*, 163 F.Supp. 548 (S.D.N.Y. 1958), app. dism. 264 F.2d 515 (2d Cir. 1959), cert. den. 359 U.S. 1002 (1959); *United States* v. *Standard Oil Company*, 136 F.Supp. 345 (S.D.N.Y. 1955). 195 U.S.P.Q. 641, 642 (N.D.N.Y. 1977).

Petitioner's assertions and authorities relating to attorney-client privilege are simply inapplicable to the present case.

For petitioner to suggest that no attorney-client privilege exists because Mr. Cantor may have committed "technical" fraud by failing to make proper disclosure in his patent applications is absurd. The Trial Court found that GE disclosed "to Cantor *all* of the documents and information necessary to complete as final an application draft as could be done." (D.C.Op. 4a) (emphasis added). In the course of his former representation, Mr. Cantor prepared patent applications in full conformance with the law. However, as pointed out by the court, he was provided with confidential information and formed opinions, views and professional judgments which were not proper parts of patent applications. These confidences are properly protected by disqualification.

Finally, this case has nothing in common with *United States* v. *Trammel*, 583 F.2d 1166 (10th Cir. 1978), *cert. granted*, 440 U.S. 934 (1979). In that case the existence of husband/wife privilege is in question where both spouses

are actors in a crime and one is granted immunity in exchange for testifying against the other. Here, respondent only wishes to prevent its former attorney from litigating against it.

Conclusion

The petition should be denied because no questions of public interest are present.

There is no conflict between the Circuits or with the decisions of this Court.

The decisions below merely applied well settled principles of law to findings of fact amply supported by the evidence. There is no merit in the petition and it should be denied.

Respectfully submitted,

GRANVILLE M. PINE
MORGAN, FINNEGAN, PINE, FOLEY & LEE
Attorneys for Respondent

Of Counsel:

GEORGE P. HOARE, JR.
WILLIAM S. FEILER
MORGAN, FINNEGAN, PINE, FOLEY & LEE
345 Park Avenue
New York, New York 10022
(212) 758-4800

BARNES, KISSELLE, RAISCH & CHOATE
1520 Ford Building
Detroit, Michigan 48226

Dated: February 25, 1980

APPENDIX

Affidavit of Bernard J. Cantor

IN THE

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Civil Action No. 5-71257

GENERAL ELECTRIC COMPANY,

Plaintiff,

vs.

VALERON CORPORATION,

Defendant.

State of Michigan)
County of Wayne) ss.:

Bernard J. Cantor, being duly sworn, states as follows:

1. I am an attorney of record for Defendant, a member of the bar of the State of Michigan since January, 1953, and have been in the practice of patent law in Detroit since January, 1953, having previously been employed as an Examiner by the U.S. Patent Office from 1949 to 1952.

2. To the best of my knowledge and belief, I have never received from General Electric Company any confidential information relating to the subject matter of the patent-in-suit.

3. To the best of my knowledge and belief, I was never given any access to any General Electric confidential information relating to the subject matter of the patent-in-suit.

4. The patent-in-suit, No. 3,341,920 in essence relates to an allegedly improved screw. The patent was filed February 16, 1965 and published by the Patent Office on September 19, 1967. It discloses and claims an improved fastener screw and hole for securing a hard cutting tip upon the end of a cutting tool holder. I did not write that patent nor work on it nor have anything to do with G.E.'s obtaining that patent, nor have I represented G.E. in any way with respect to that patent or the subject matter of the patent.

5. The application for the patent-in-suit was filed in the U.S. Patent Office on February 16, 1965, almost a year before I had any contact whatsoever with General Electric on any subject whatsoever. I have no knowledge as to the invention of or development of the screw of the patent-in-suit nor have I ever received from G.E. any information with respect thereto. I have done no work for, nor had any contact with G.E. for almost nine years, i.e., since about September, 1967.

6. General Electric did not keep the subject matter of the patent-in-suit confidential so I could not have received confidential information about such subject matter. First, General Electric publications of 1966, which were identified in evidence during G.E.'s taking of the deposition of Valeron's engineer Milewski, illustrate and describe the subject matter of the patent-in-suit. Thus, G.E. published the sub-

ject matter. Second, in response to questions by General Electric's attorney, Valeron's engineer Milewski testified that Valeron had copies of General Electric publications of and knowledge of the subject matter of the patent-in-suit at least as early as January 11, 1966. Thus, G.E. published and Valeron had knowledge of the subject matter of the patent-in-suit approximately a year and a half before mid 1967, i.e., the time which G.E. contends that I received information relating to the patented fastening screws. Third, *if* I had received confidential information relating to the patent —the publishing of the patent by the government on September 19, 1967, completely extinguished secrecy. The patent law 35 U.S. 112 requires a patentee to completely describe his invention, and a patent is a public document. Thus, by law there have been no confidences since 1967.

7. I have never represented General Electric in any capacity whatsoever, including in the capacity as an attorney. Rather, about ten years ago, i.e., during the period running from between about November, 1965 to September, 1967, I "ghost wrote" a number of rough draft patent applications for General Electric's attorney, Harold Holt, who operated at the General Electric Carboloy plant in the Detroit area. In each instance, I met with Holt at his office, received from him either a sample of the item or a drawing or a brief written description. On a few items I met, at the same time, the inventor who described the item to me. Then I left and wrote the draft of the patent specification and claims and made draft patent drawings, all of which I gave to Holt for his revision and processing. Simultaneously, I returned to him all the materials he had loaned me for that

purpose. I have no files on these subjects. I did not process the patent applications further and I have no personal knowledge as to what happened to the various patent application drafts which I wrote for him. That is, I do not personally know whether he used them as written, or revised them, or filed them in the Patent Office, or anything else about them since I had no further contact with these items.

8. To my knowledge, I never received from G.E.'s attorney or anyone else connected with G.E., any confidential information about General Electric's patent policies or patent programs or invention records. To this day, I have no knowledge concerning these subjects. I have had no contact of any kind with General Electric since 1967 and as far as I know I have no confidential information of any kind regarding General Electric.

9. Valeron did not seek me out or retain me to be its counsel because of any contact or work which I did for General Electric. Valeron did not learn about my contact with G.E. until after offering to hire me, and before I accepted. That is, I informed Valeron's general counsel, P. Alexander Fisher, Esq., of my work for G.E. *after* he discussed the suit with me and requested that I represent Valeron in this lawsuit, but *before* I accepted his offer to represent Valeron.

10. I read the Affidavit of William Reich, paper number 23, of G.E.'s Motion to Disqualify. To the best of my recollection, I have never met Mr. Reich nor heard of Mr.

Reich before reading such affidavit, nor have I ever seen or heard of the engineering groups which he describes in his Affidavit, nor have I seen the various files which he mentions in his Affidavit. To the best of my recollection, I never received any files from G.E. nor did I ever look through any of G.E.'s files.

11. Neither I nor my office have any files or documents relating to G.E., apart from what I have received recently from Valeron in connection with this suit.

12. I dispute the unsupported conclusion in G.E.'s brief to the effect that 1965-1967 was a "critical period" with respect to the subject matter of this lawsuit. The critical period with respect to the present lawsuit commenced when the alleged invention was made, and ended in February 1965 when G.E. filed the patent application. All this occurred long before I ghost wrote patent applications for G.E.'s attorney Holt and I received no information about it.

BERNARD J. CANTOR

Bernard J. Cantor

Sworn and subscribed to before me this 22nd day of April, 1976.

/s/ ASUNTA HEISE

Notary Public
Wayne County, Michigan
My Commission Expires 9-12-77

Testimony Transcript of Bernard J. Cantor

The Court: You were doing this for GE?

A. There is a particular peculiarity when it comes to ghost writing. We do have situations where ghost writing is done for a client and you don't know who he is.

The Court: In this case you did know?

The Witness: I would like to have represented GE. I would like to have been their attorney.

The Court: Well, the question in the case is whether or not you were.

The Witness: Well, I don't think I was. I leave it to Your Honor to decide.

The Court: You mean I could make you unhappy by so finding?

The Witness: No, Your Honor. If the Court is willing to nunc pro tunc my invoices were not based on work as an attorney.

The Court: Well, you know Mr. Holt has worked or was in some way affiliated with GE?

The Witness: He was the attorney for GE.

I might explain this to Your Honor—

The Court: I'm not able to understand why you say in the affidavit that you never represented General Electric when you very forthrightly say that you were employed by them?

The Witness: As a ghost writer. That's not the same thing as a legal job or a lawyer's job, Your Honor.

The Court: But you said in any capacity.

The Witness: No, the record is—I used the word "as a lawyer."

The Court: So, what you are saying is you did work for them as an attorney—

The Witness: I did work for them as a ghost writer. There is a difference. I have to insist on that. It may be tweedledum and tweedledee, but—I have to explain it this way: In the patent field it is not uncommon for a person not an attorney to be ghost writer for an attorney on different patent cases—

The Court: But what about an attorney?

The Witness: Yes, I was an attorney, and a ghost writer for an attorney, and I—

The Court: How about an attorney-ghost writer?

The Witness: Pardon?

The Court: Well, okay.

The Witness: I can answer that, Your Honor. Obviously—

The Court: Let's go on.

* * *

Testimony Transcript of Stipulation by Ivan Barris, Special Counsel to Petitioner

• • •

The Court: Well, I can't do anything but applaud any effort on the part of either side to shorten the issues. Whether or not what you now say materially helps, although it seems at first blush to help, I would like to now explore:

Are you saying that you will not deny that in whatever relationship Mr. Cantor worked with Mr. Holt, it is conceded that he worked as a lawyer?

Mr. Barris: That as far as I'm concerned, my client is concerned, the answer is yes.

The Court: All right, hold that, now.

Are you, therefore, saying to me that the question is whether or not—strike that—are you also willing to concede that whatever he did if he did anything with regard to the patent that is in the main lawsuit, the screw—what's the name of that, now? What can we call that, just the screw?

Mr. Davis: The locking, the lock pin mechanism. It's the pin in the pocket.

The Court: The lock pin mechanism. Let's use that because I think, Mr. Barris, as a generalist, we may be wandering far afield if we use other language.

All right. Are you conceding that in whatever relationship, if any, Mr. Cantor worked with the locking pin mechanism, if any, are you conceding that he worked as a patent lawyer?

Mr. Barris: I certainly do.

• • •

Mr. Davis: If he is admitting that Mr. Cantor exercised professional judgment in all of the applications that he, that Mr. Cantor prepared for General Electric—

The Court: He is saying that he, whatever this relationship was, he is not denying that he was acting as a patent lawyer, and if there were instances where he was called upon to exercise his professional judgment, he did so, as I understand it.

Mr. Barris: Absolutely correct, your Honor.

• • •

Stipulation Re General Electric Foreign Patents

IN THE

UNITED STATES DISTRICT COURT

EASTERN DISTRICT OF MICHIGAN
SOUTHERN DIVISION

Civil Action No. 5-71257

GENERAL ELECTRIC COMPANY,

Plaintiff,

v.

VALERON CORPORATION,

Defendant.

In connection with defendant's Notice to Produce Documents, served on plaintiff on June 30, 1976, and defendant's Motion to Compel Production of Documents, served by mail on July 22, 1976, and set for hearing on August 3, 1976; in lieu of the production sought, the parties hereby stipulate and agree as follows:

1. Plaintiff filed patent applications in about 19 foreign countries and, as of June 15, 1976, has been granted patents in about 18 of such foreign countries corresponding to Kelm United States Patent No. 3,341,920. Prior to the date when the lock pin mechanism of the Kelm United States Patent No. 3,341,920 was shown to Mr. Cantor by plaintiff

(as admitted by defendant Valeron and by Mr. Cantor), the serial number, filing date, and same drawings and same printed text of the written description of the invention contained in such United States Patent No. 3,341,920 were all available in some such foreign countries to the public. However, this did not amount to publication of information or anything else not contained in the drawings, printed text of the written description, serial number and filing date of United States Patent No. 3,341,920.

2. Plaintiff filed patent applications in about 20 foreign countries and, as of June 15, 1976, has been granted patents in about 15 of such foreign countries corresponding to Weller and Kelm United States Patent No. 3,341,921. Prior to the date when the lock pin mechanism of the Kelm United States Patent No. 3,341,920 was shown to Mr. Cantor by plaintiff (as admitted by defendant Valeron and by Mr. Cantor), the serial number, filing date, and same drawings and same printed text of the written description of the invention contained in United States Patent No. 3,341,921 were all available in some such foreign countries to the public. However, this did not amount to publication of information or anything else not contained in the drawings, printed text or the written description, serial number and filing date of United States Patent No. 3,341,921.

3. Plaintiff did not file any patent applications in any foreign countries and has not obtained any patents in any foreign countries corresponding to Kelm United States Patent No. 3,341,923.

4. Plaintiff filed patent applications in about 7 foreign countries and, as of June 15, 1976, has been granted patents in about 6 of such foreign countries corresponding to Kelm United States Patent No. 3,486,401; and only after Mr. Cantor had discontinued rendering any services to plaintiff did the serial number, filing date, and/or the same drawings and the same printed text of the written description of the invention contained in United States Patent No. 3,486,401 become available in any such foreign country to the public by virtue of any such patent application filed in or any such patent granted by any such foreign country. However, this did not amount to publication of information or anything else not contained in the drawings, printed text of the written description, serial number and filing date of the United States Patent No. 3,486,401.

5. Plaintiff filed patent applications in about 10 foreign countries and, as of June 15, 1976, has been granted patents in about 8 of such foreign countries corresponding to the Campbell and Weller United States patent application Serial No. 647,120; and only after Mr. Cantor had discontinued rendering any services to plaintiff did the serial number, filing date, and/or the same drawings and the same printed text of the written description of the invention contained in United States patent application Serial No. 647,120 become available in any such foreign country to the public by virtue of any such patent application filed in or any such patent granted by any such foreign country. However, this did not amount to publication of information or anything else not contained in the drawings, printed text of the written description, serial number and filing date of United States patent application Serial No. 647,120.

6. The stipulations of paragraphs 1 through 5 are not an admission by plaintiff that Mr. Cantor did not receive, presumptively or actually, and/or have an opportunity to receive and/or have access to other information and things not in the drawings and the printed text of the written description of the invention contained in United States Patent Nos. 3,341,920, 3,341,921, 3,341,923 and 3,486,401 and application Serial No. 647,120 and/or that Mr. Cantor's dealing as an attorney for plaintiff with information available to the public released Mr. Cantor from all of his obligations to plaintiff under and from the attorney-client relationship and/or Canons of Ethics.

Date: 5 Aug. '76

BARNES, KISSELLE, RAISCH & CHOATE

By CHESTER L. DAVIS, JR.

Chester L. Davis, Jr.
Attorneys for Plaintiff
1520 Ford Building
Detroit, Michigan 48226
(313) 962-4790

Date: 5 Aug. 76

CULLEN, SETTLE, SLOMAN & CANTOR, P.C.

By DANIEL G. CULLEN

Daniel G. Cullen
Attorneys for Defendant
3200 Penobscot Building
Detroit, Michigan 48226
(313) 964-0400